



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

February 16, 2015

John Ramos
Superintendent
Lamesa Independent School District
PO Box 261
Lamesa, Texas 79331-5442

Dear Superintendent Ramos:

On November 18, 2014, the Comptroller issued written notice that BNB Lamesa Solar, LLC (the applicant) submitted a completed application (Application #1033) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on October 21, 2014, to the Lamesa Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1033.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

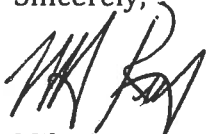
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of November 18, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reissig", written over a horizontal line.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that BNB Lamesa Solar, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$234,000	\$234,000	\$1,287,000	\$1,287,000
	2018	\$234,000	\$468,000	\$3,264,300	\$4,551,300
	2019	\$234,000	\$702,000	\$2,960,100	\$7,511,400
	2020	\$234,000	\$936,000	\$2,655,900	\$10,167,300
	2021	\$234,000	\$1,170,000	\$2,313,675	\$12,480,975
	2022	\$234,000	\$1,404,000	\$1,971,450	\$14,452,425
	2023	\$234,000	\$1,638,000	\$1,629,225	\$16,081,650
	2024	\$234,000	\$1,872,000	\$1,248,975	\$17,330,625
	2025	\$234,000	\$2,106,000	\$906,750	\$18,237,375
	2026	\$234,000	\$2,340,000	\$678,600	\$18,915,975
Maintain Viable Presence (5 Years)	2027	\$760,500	\$3,100,500	\$0	\$18,915,975
	2028	\$760,500	\$3,861,000	\$0	\$18,915,975
	2029	\$760,500	\$4,621,500	\$0	\$18,915,975
	2030	\$760,500	\$5,382,000	\$0	\$18,915,975
	2031	\$760,500	\$6,142,500	\$0	\$18,915,975
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$760,500	\$6,903,000	\$0	\$18,915,975
	2033	\$760,500	\$7,663,500	\$0	\$18,915,975
	2034	\$760,500	\$8,424,000	\$0	\$18,915,975
	2035	\$760,500	\$9,184,500	\$0	\$18,915,975
	2036	\$760,500	\$9,945,000	\$0	\$18,915,975
	2037	\$760,500	\$10,705,500	\$0	\$18,915,975
	2038	\$760,500	\$11,466,000	\$0	\$18,915,975
	2039	\$760,500	\$12,226,500	\$0	\$18,915,975
	2040	\$760,500	\$12,987,000	\$0	\$18,915,975
	2041	\$760,500	\$13,747,500	\$0	\$18,915,975
		\$13,747,500	is less than	\$18,915,975	
Analysis Summary					
Is the project reasonably likely to generate school M&O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year time period?					No

Source: CPA, BNB Lamesa Solar, LLC

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	170	1,419	1589	\$5,950,000	\$82,795,000	\$88,745,000	\$12,359,619	-\$2,738,953	\$15,098,572
2017	33	380	413	\$1,170,982	\$30,323,018	\$31,494,000	\$3,387,451	\$488,281	\$2,899,170
2018	3	26	29	\$120,982	\$9,523,018	\$9,644,000	\$526,428	\$1,365,662	-\$839,234
2019	3	(5)	-2	\$120,982	\$5,372,018	\$5,493,000	\$350,952	\$1,327,515	-\$976,563
2020	3	(26)	-23	\$120,982	\$2,931,018	\$3,052,000	\$228,882	\$1,182,556	-\$953,674
2021	3	(28)	-25	\$120,982	\$856,018	\$977,000	\$122,070	\$1,029,968	-\$907,898
2022	3	(21)	-18	\$120,982	\$611,018	\$732,000	\$152,588	\$862,122	-\$709,534
2023	3	(19)	-16	\$120,982	\$367,018	\$488,000	\$106,812	\$732,422	-\$625,610
2024	3	(19)	-16	\$120,982	\$367,018	\$488,000	\$122,070	\$640,869	-\$518,799
2025	3	(7)	-4	\$120,982	-\$242,982	-\$122,000	\$68,665	\$511,169	-\$442,504
2026	3	(7)	-4	\$120,982	\$1,018	\$122,000	\$53,406	\$419,617	-\$366,211
2027	3	(7)	-4	\$120,982	\$123,018	\$244,000	\$22,888	\$289,917	-\$267,029
2028	3	(3)	0	\$120,982	\$123,018	\$244,000	\$15,259	\$221,252	-\$205,993
2029	3	(3)	0	\$120,982	\$367,018	\$488,000	\$15,259	\$167,847	-\$152,588
2030	3	(1)	2	\$120,982	\$123,018	\$244,000	\$0	\$76,294	-\$76,294
2031	3	(3)	0	\$120,982	\$123,018	\$244,000	-\$22,888	-\$7,629	-\$15,259
2032	3	3	6	\$120,982	\$123,018	\$244,000	-\$38,147	-\$45,776	\$7,629
2033	3	1	4	\$120,982	\$611,018	\$732,000	-\$83,923	-\$144,958	\$61,035
2034	3	(5)	-2	\$120,982	-\$120,982	\$0	-\$167,847	-\$205,994	\$38,147
2035	3	(9)	-6	\$120,982	-\$364,982	-\$244,000	-\$198,364	-\$251,770	\$53,406
2036	3	(7)	-4	\$120,982	-\$608,982	-\$488,000	-\$236,511	-\$350,952	\$114,441
2037	3	(11)	-8	\$120,982	-\$1,097,982	-\$977,000	-\$274,658	-\$419,617	\$144,959
2038	3	(15)	-12	\$120,982	-\$1,585,982	-\$1,465,000	-\$305,176	-\$488,281	\$183,105
2039	3	(15)	-12	\$120,982	-\$1,585,982	-\$1,465,000	-\$366,211	-\$549,316	\$183,105
2040	3	(19)	-16	\$120,982	-\$2,806,982	-\$2,686,000	-\$442,505	-\$625,610	\$183,105
2041	3	(19)	-16	\$120,982	-\$2,317,982	-\$2,197,000	-\$442,505	-\$679,016	\$236,511
						Total	\$14,953,614	\$2,807,619	\$12,145,995
							\$25,893,495	is greater than	\$18,915,975

Analysis Summary

Is the project reasonably likely to generate total tax revenue in an amount sufficient to offset the school district M&O levy loss as a result of the limitation agreement?

Yes

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller is **has determined** that the limitation on appraised value is a determining factor in the BNB Lamesa Solar, LLC decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company BNB has the ability to allocate or reallocate investments to another state, another region, another region of Texas, or another region of the world.
- Per the application, the applicant is developing projects in Connecticut, New Jersey, New Mexico, Ohio and Texas.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? ☒ Yes ☐ No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

TAB 5

Documentation to assist in determining if limitation is a determining factor.

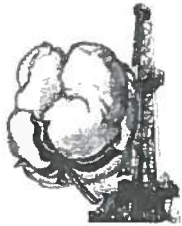
Lamesa Solar met with the Comptroller's Economic Development group regarding the status of the project to discuss and demonstrate that the approval of a Chapter 313 agreement was a determining factor in the building of the project.

BNB Renewable Energy Holdings LLC (BNB) is the parent company of BNB Lamesa Solar LLC. Founded in 2004, BNB develops renewable energy projects, both wind and solar, in the US market. Based on their success with two Texas wind farms, the 180MW Bull Creek and the 200MW Mesquite Creek projects, and the 9.8MW solar project at the Campbell's Soup plant located in Napoleon, Ohio, BNB is actively developing a select group of renewable energy projects in Connecticut, New Jersey, New Mexico, Ohio, and Texas where BNB has leased over 200,000 acres. In Texas, BNB was one of the eleven original interveners who petitioned the PUC for new transmission upgrades. Those upgrades comprise \$5.2 billion dollars of new transmission lines dedicated to carry wind and solar energy from West Texas to load centers in Dallas, San Antonio and Austin. On its Texas acreage, BNB has plans to construct one new wind farm of 250 MW and two solar projects totaling in excess of 550 MW. BNB is executing its five-year goal of developing an additional gigawatt of renewable generation in the USA. As part of this goal, BNB is also active in the development of "inside the fence" renewable energy generation projects and is working with schools, Universities, and Fortune 500 companies on various sites across the US.

Depending on the ability to generate cost-effective electricity for regional consumers, BNB has the ability to allocate or reallocate investments to another state, another region of Texas, or another region of the world. BNB Lamesa Solar, LLC believes, however, that the proposed site in Dawson County is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas. Electric utilities are focused on providing low-cost energy supply to their customers, and contracting for the sale of electricity is currently highly competitive, particularly because of the large number of potential solar energy facilities that can be built in West and Central Texas given the newly constructed transmission capacity. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project with other projects currently being developed in Texas by BNB and by others.

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**



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Hospital board OKs tax abatement for solar farm

Russel Skiles, Lamesa Press-Reporter

Saturday, January 31, 2015 6:00 AM

If a solar energy project eventually becomes a reality just outside of Lamesa, it will receive a 10-year break on paying taxes to the Dawson County Hospital District.

Hospital board members this past Wednesday voted to grant a property tax abatement to BNB Lamesa Solar, LLC. BNB is seeking to establish a solar powered electric generation energy facility on several square miles of property in the area of Los Ybanez, just southeast of Lamesa.

According to the tax abatement agreement, BNB would pay property taxes on the land and any existing improvements but would not, for a 10-year period, pay taxes on any new equipment or improvements on the property.

In lieu of taxes, if the project is developed the company would make annual payments to the district based on the megawatt (MW) AC capacity of the facility.

That payment would be \$36.50 per MW in the first year and increase each year to reach \$316.28 per MW in the 10th and final year of the agreement.

With BNB planning a 150 MW facility consisting of over 650,000 solar panels, that would mean annual payments to the hospital district of about \$5,475 the first year and almost \$47,500 the 10th year.

(See complete story in e-Edition online and printed edition of Lamesa Press-Reporter on newsstands now.)

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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

This Week's Events